

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1064 - HB 1329

March 25, 2021

SUMMARY OF BILL: Prohibits deferred presentment services providers (Providers) from contracting for or receiving a fee or charge that exceeds a 36 percent annual percentage rate (APR) on the unpaid balance of the amount financed.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumption:

- Based on information provided by the Department of Financial Institutions, the proposed legislation will not significantly alter the policies or operations of the Department; any increase in expenditures to state government is estimated to be not significant.

IMPACT TO COMMERCE:

Other Fiscal Impact – Capping the annual percentage rate at 36 percent will impact the fees a deferred presentment service provider may charge a borrower and is assumed to decrease revenue to such companies. The extent, degree, and timing of any such decrease is unknown.

Assumptions:

- Pursuant to the *Deferred Presentment Services Act*, there is no current limit on what APR a Provider may charge a borrower on an unpaid balance. There are, however, limits on the initial fee, and the amount and term of the loan.
- The average APR charged by Providers in Tennessee and the total revenue attributable to such charges are unknown.
- However, it is reasonably assumed that various Providers in Tennessee currently charge APR's greater than 36 percent at least some of the time.
- Therefore, it is assumed that capping the APR at 36 percent will result in a decrease in revenue to the Provider industry in Tennessee.
- The extent and timing of any such decrease is unknown.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid, with the first letters of each name being capitalized and prominent.

Krista Lee Carsner, Executive Director

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